



MISSISSIPPI STATE HOSPITAL

WHITFIELD, MS 39193

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OFFICE OF ADMINISTRATION
JAMES G. CHASTAIN, DIRECTOR

July 14, 2004

Mr. Phil Bryant, State Auditor
Office of the State Auditor
Woolfolk State Office Building
Jackson, Mississippi

Dear Mr. Bryant:

As per your letter dated June 22, 2004, our response and plan of correction to the Limited Internal Control and Compliance Review Findings for Fiscal Year 2003 are outlined below.

I would like to thank you and the staff of your office for the professional manner in which the review was conducted. The information you have provided will help to strengthen the internal controls of the hospital.

Finding

Internal Controls over Bank Accounts Should Be Strengthened

Response:

We concur with these findings. Mississippi State Hospital is submitting a revised "Request to Open or Change A Bank Account" form (Exhibit 29.60.35-A) which change the Proposed Maximum Balance in Account to \$150,000 for the account in question. All other account authorizations are being reviewed and adjusted as needed to insure the restrictions are appropriate to the purpose those accounts.

Mississippi State Hospital does not, and will not, permit the issuance of checks drawn on patient trust fund bank accounts to employees or for any purpose other than the lawful benefit of the patients concerned. MSH policy mandates the strict, and fully documented, compliance with state fiscal regulations.

Finding

Controls over Employee Overtime Should Be Strengthened

Response:

Mississippi State Hospital recognizes the need to maintain accurate time and attendance data and documentation. Each department has designated staff authorized to approve employee overtime. All approved "Overtime Status" forms are forwarded to the Time Management Department and processed by that department in the Statewide Payroll and Human Resource System (SPAHRs). The documentation for the SPAHRs entry is then filed alphabetically within the Time Management Office.

Finding: A FACILITY OF THE MISSISSIPPI DEPARTMENT OF MENTAL HEALTH

Controls over Employee Leave Should Be Strengthened

Response:

We concur with the finding. The ongoing training of supervisory staff and department timekeepers in proper time and attendance procedure will be continued. Leave balance reports are prepared and distributed to timekeepers in all MSH departments on a monthly basis and include a daily listing of time worked and leave taken which should be reviewed and verified by appropriate staff.

Finding:

Services Rendered Should Be Supported by Written Agreements

Response:

We concur with the finding. In the future, Mississippi State Hospital will obtain written agreements for services to be provided by other Department of Mental Health facilities.

Finding:

Interest Earned on Clearing Bank Accounts Should Be Transferred to the State General Fund

Response:

We concur with this finding. Mississippi State Hospital has prepared and will utilize a worksheet which compiles and reconciles interest earned by the various bank accounts and remitted to the state general fund.

Finding:

Transfer of Receipts to the State Treasury Should Be Timely

Response:

We do not dispute this finding. Mississippi State Hospital is currently seeking to install a new accounting software system in the Cashier's Office which will permit more timely remittance of revenues. It should be noted while the Medicaid transfers funds electronically on Monday, the remittance advice which identifies the payment is normally received by mail on the following Friday or Monday. After receipt of the remittance advice, the individual patients and services must be identified and recorded in order to remit the funds to the state treasury.

Finding:

State Travel Policies Should Be Followed

Response:

Mississippi State Hospital recognizes the need to establish and maintain controls to ensure compliance with state travel policies. A review of the MSH Travel Policy 140-08 will be completed and revisions made to reflect actual agency procedures for the payment of employee travel. Reimbursement of employee travel expenses are not approved for payment until all required signatures have been obtained.

Finding:

Procedures to Ensure Compliance with Educational Leave Policies Should Be Implemented

Response

We concur with this finding. The procedure that we utilize for the pre-employment process was designed to accommodate applicant school schedules by decreasing the amount of time the amount of time they are absent from class to complete the appropriate paperwork. The practice of completing the Educational Leave Contract has been deferred until the applicants are hired.

MSH staff have corrected the leave balances for the period November 1999 until the employee entered the Nurse PIN (July 1, 2000) by adding records to the "Maintain Leave Balances" screen in the SPAHRS system. To prevent a recurrence of this error, changes have been made to the SPAHRS eligibility sequence number that is used exclusively for Educational Leave Students.

The minimum GPA stated in the contract was a typographical error, and this will be corrected by a contract revision with the participant.

Finding:

Adequate Surety Bond Coverage Should Be Maintained

Response

We concur with this finding. MSH Security Police will be bonded as required by law.

If you have any additional questions or concerns, please contact Mr. Warren Williams, Director of Fiscal Services, at 601-351-8164.

Sincerely,



JAMES G. CHASTAIN, CHE
Director